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Message Text

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15
ACTION AGR-20

INFO OCT-01 EUR-25 EA-11 IO-14 ISO-00 SWF-02 AID-20

CIAE-00 COME-00 EB-11 FRB-03 INR-11 NSAE-00 RSC-01

TRSE-00 XMB-07 OPIC-12 SP-03 CIEP-03 LAB-06 SIL-01

OMB-01 NSC-07 SS-20 STR-08 CEA-02 L-03 H-03 PA-04

PRS-01 USIA-15 TAR-02 DRC-01 /218 W
---------- 099520
R 110716Z SEP 74
FM AMEMBASSY CANBERRA
TO SECSTATE WASHDC 4060
INFO AMEMBASSY LONDON
AMEMBASSY TOKYO
USMISSION EC BRUSSELS
USMISSION GENEVA
USMISSION OECD PARIS

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PASS AGRICULTURE FOR MEEKER AND HURT

E.O. 11652: N/A
TAGS: EAGR, ETRD, EGEN, AS, JA
SUBJECT: SUGAR DISCUSSIONS IN JAPAN

1. DURING HIS RECENT TOUR OF FAR EAST NORTHERN DEVELOP-
MENT MINISTER REX PATTERSON HELD DETAILED DISCUSSIONS
IN TOKYO WITH MITI MINISTER NAKASONE AND MAF MINISTER
KURAISHI ON SUPPLY OF AUSTRALIAN SUGAR TO JAPAN.
DURING PAST YEAR JAPANESE PURCHASES OF SUGAR WERE
SHARPLY REDUCED BECAUSE OF HIGH PRICES, WITH AUSTRALIAN
SALES THE LOWEST FOR SOME YEARS AT ABOUT 150,000 TONS
OF RAWS. AS STOCKS IN JAPAN ARE NOW RUNNING LOW, THERE
HAS BEEN INCREASING CONCERN ABOUT FUTURE SUPPLIES.
GOA HAS COUNTERED GOJ APPROACHES WITH SUGGESTION FOR
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LONG-TERM AGREEMENT, IN LINE WITH CURRENT POLICY TO

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UNDERPIN AUSTRALIAN SUGAR PRODUCTION WITH ASSURED
OUTLETS.

2. THE OUTCOME OF THE TOKYO DISCUSSIONS WAS APPARENTLY A
BROAD AGREEMENT BETWEEN THE MINISTER FOR THE GOA AND GOJ
TO CO-OPERATE IN ENCOURAGING AUSTRALIAN AND JAPANESE COMM-
ERCIAL INTERESTS TO NEGOTIATE A LONG TERM SUGAR
MARKETING ARRANGEMENT AS SOON AS PRACTICABLE. ALTHOUGH
JAPANESE MINISTERS WELCOMED OPPORTUNITY TO DISCUSS
THE WORLD SUGAR SITUATION AND CONSIDER MUTUAL BENEFITS
TO BE GAINED FROM A BILATERAL AGREEMENT IN THE ABSENCE
OF ISA, THEY WERE RELUCTANT TO MAKE DEFINITE COMMITMENTS.
A MAJOR REASON WAS REPORTEDLY THE PROBLEM OF JAPANESE
FAIR TRADE LEGISLATION. IN THE PAST CSR LTD., SUGAR
BOARD SELLING AGENTS, HAVE DEALT SOLELY WITH MITSUI
AND MITSUBISHI. HOWEVER, UNDER A LONG TERM SUPPLY
AGREEMENT SMALLER IMPORTERS AND REFINERS WOULD BE
DISADVANTAGED IF IT WAS NEGOTIATED WITH THESE TWO MAJOR
COMPANIES. DR. PATTERSON MADE IT CLEAR THAT AUSTRALIA
GREATLY VALUED THE JAPANESE MARKET, BUT THAT THE AUSTRALIAN
INDUSTRY COULD NOT BE EXPECTED TO FOREGO LONG TERM
CONTRACTS WITH OTHER COUNTRIES, MERELY IN THE HOPE THAT
JAPAN AT SOME LATER STAGE WOULD WANT TO ENTER INTO
SIMILAR ARRANGEMENTS WITH AUSTRALIA.

3. AS JAPAN NOW URGENTLY REQUIRES SUGAR, IT IS CLEAR
DR. PATTERSON WAS NEGOTIATING FROM A POSITION OF
STRENGTH, AND TOOK ADVANTAGE OF THIS BY STRESSING
THAT IT IS THE GOA POLICY WITH ANY COMMERICAL ARRANGE-
MENTS OF THE KIND PROPOSED THAT THEY SHOULD BE BACKED
BY UNDERTAKINGS FROM THE NATIONAL GOVERNMENTS. GOA
OFFICIALS ARE QUIETLY CONFIDENT THAT GOJ WILL HAVE
TO ACCEPT AUSTRALIAN PROPOSALS, AND THAT A SOLUTION
TO THE LEGAL PROBLEM WILL BE FOUND. ON THIS ASSUMP-
TION GOA OFFICIALS BELIEVE SUGAR SALES TO JAPAN OVER
NEXT TWELVE MONTHS WILL PROBABLY REACH ABOUT 600,000
METRIC TONS, WHICH COULD THEN FORM A QUANTITATIVE
BASIS FOR THE LONG TERM AGREEMENT.
GREEN

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Message Attributes

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Draft Date: 11 SEP 1974
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Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
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